

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

## **REMARKS/ARGUMENTS**

This amendment is in response to the office action mailed December 5, 2003.

Claims 1, 2, 5, 8-13 and 15-20 were pending in the application. Claims 2, 9, 10 and 16 are canceled by this amendment. Consequently, claims 1, 5, 8, 11-13, 15 and 17-20 remain under examination.

### **Amendment to the Specification**

Applicant has amended the description of the drawings to correctly point out that the block diagrams shown in Figs. 14 and 15 are continuations of the block diagram of Fig. 13 and not Fig. 6.

### **Claim Rejections Under 35 U.S.C. §101**

Applicant notes that the Examiner has withdrawn the rejection of claim 10. However, the Examiner maintains the rejection of claims 1, 5, 12, 13 and 15. Although Applicant traverses the rejection, and respectfully points out that the Examiner is giving an overly narrow interpretation of the case law regarding patentable subject matter under §101, Applicant hereby amends independent claims 1 and 12 to include the limitations of claims 2 and 16, respectively, which previously were deemed to meet the statutory requirements. Hence, claims 1, 5, 12, 13 and 15 are allowable. Applicant, however, expressly retains the right to argue that the claims, as submitted, meet the requirements of 35 U.S.C. §101, in a continuation or continuation-in-part application.

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

### **Claim Rejections Under 35 U.S.C. §103**

Although it is the Examiner's position that certain of Applicant's arguments regarding the previously cited reference are non-persuasive, Applicant notes that the Examiner initially stated that he found Applicant's arguments with respect to claims 1-16 to be persuasive.

In the instant office action, the Examiner rejected claims 1, 2, 8, 9, 11-13 and 16-19 under 35 U.S.C. §103 as being unpatentable over SSDC in view of "Allsup Inc.'s Overpayment Recovery Service" and Pollin's U.S. Patent No. 5,727,249. Applicant traverses the rejections.

Applicant respectfully points out that the Examiner again has failed to establish *prima facia* obviousness. To establish *prima facia* obviousness all the claim limitations must be taught or suggested by the prior art. *In re Royka*, 490 F.2d 981 (CCPA 1974), as cited in *The Manual of Patent Examining Procedures* §2143.03 (2001 ed)(emphasis added). In this case, the *prima facia* case fails because the cited references, either alone or in combination, do not teach or suggest all the claim limitations. In summary, at least one reference, SSDC, does not teach or suggest any of the claim limitations because it is not an enabling disclosure and offers no teachings to one skilled in the art as to performing any type of overpayment recovery method. Furthermore, the Pollin patent teaches away from solving the problems the inventor sought to solve. Consequently, there was no motivation for the inventor to look to the teachings of Pollin or combine Pollin with Allsup or SSDC.

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

More specifically, the SSDC and Allsup brochures and the Pollin patent, either alone or in combination, do not teach, suggest or describe in any manner all the limitations of the instant methods of recovering an overpaid amount of long-term disability benefits on behalf of an LTD carrier or self-insured employer. In regards to independent claims 1, 8, 12 and 17, the references, alone or together, do not teach or suggest the specific core elements of the claims including, but not limited to, the steps of obtaining a pre-authorization to recover an overpayment from a deposit account, establishing direct deposit of an award of SSDI into a deposit account by the SSA, or automatically or electronically recovering the overpayment. Thus, the Examiner has failed to establish a *prima facia* case of obviousness.

Applicant respectfully points out that the statement on page 2 of SSDC cited by the Examiner does not teach or suggest any specific procedures, such as establishing direct deposit of SSDI benefits by the SSA, determining a date of direct deposit, determining an amount of overpayment to be recovered, and electronically recovering disability benefits previously provided to the disabled person. These steps, absent from any of the prior art references, are important to the novel method. As Mr. Allsup attested to in his original Affidavit submitted with the first Amendment, it took significant inventive effort on his part to initiate those efforts to solve a problem long known to the industry. (Affidavit of James F. Allsup Under 37 C.F.R §1.132 ¶¶ 17-28; referred to hereinafter as "First Allsup Aff'd.", which is resubmitted with this amendment, as Exhibit 1, for the Examiner's convenience.).

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

All the reference suggests is that SSDC offers as a service "Coordination of overpayment recoveries resulting from SSDIB awards." The dictionary definitions of "Coordination" include 1. the act or state of coordinating or being coordinated. RANDOM HOUSE WEBSTER'S UNABRIDGED DICTIONARY (2<sup>nd</sup> Ed. 1998). At the very most, SSDC suggests that it may be involved in some vague act of coordinating an overpayment recovery after an SSDIB award.

This limited teaching in SSDC comports with the inventor's understanding of the services offered by SSDC around the date of the reference. Referring to Paragraphs 8 and 9 of the First Allsup Aff'd., Mr. Allsup describes this activity as a "back-end" approach that was fraught with numerous problems that his invention has solved, as will be addressed below.

Although it is the PTO's position that a reference cited under section 103 does not have to be "enabling" (MPEP §2121.02.II) a full reading of the case law cited in the Manual provides that a non-enabling reference "may qualify as prior art reference under §103, but only for what is disclosed in it." *Symbol Technologies, Inc. v. Opticon*, 935 F.2d 1569, 1578 (Fed. Cir. 1991) (emphasis added)( quoting *Reading & Bates Constr. Co. v. Baker Energy Resources Corp.*, 748 F.2d 645, 652 (Fed. Cir. 1984)). Applicant respectfully points out that the statement, "Coordination of overpayment recoveries resulting from SSDIB awards" does not disclose any method for recovering overpayments and, as set out above, merely suggests that SSDC may have provided a coordination service related to overpayment recoveries.

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

The SSDC brochure fails as a reference under section 103 because it does not teach or suggest any means to allow the inventor to arrive at his method, as required to qualify as a reference. *Minnesota Mining and Manufacturing v. Blume* , 215 USPQ 585, 590 n. 10 (6<sup>th</sup> Cir. 1982). As more specifically pointed out in the accompanying Supplemental Affidavit of James F. Allsup Under 37 C.F.R. §1.132, ¶19, attached hereto as Exhibit 2 (referred to hereinafter as "Supp. Allsup Aff'd"), the reference does not teach or suggest any means to arrive at the steps of the claimed overpayment recovery method. Furthermore, as Mr. Allsup points out, it took him six years after becoming aware of the brochure to develop a commercial embodiment of this novel process (Supp. Allsup. Aff'd. ¶20). The SSDC reference teaches or suggests nothing that would lead to the instant invention.

Another person skilled in the art, Mr. Barry Wolfson, shares Mr. Allsup's opinion. Mr. Wolfson previously submitted a Declaration attesting to the long felt need and success of the inventor's method. (See, Declaration of Barry Wolfson, attached to the First Allsup Aff'd, and referred to hereinafter as "First Wolfson Decl."). A Supplemental Declaration of Barry Wolfson is submitted herewith as Exhibit B to the Supp. Allsup Aff'd. , and is referred to hereinafter as the "Supp. Wolfson Decl.".

Mr. Wolfson was employed by Aetna from 1965 to the end of 2002. In 1983 Mr. Wolfson started Aetna's Social Security Advocacy Program, which hired skilled Social Security representatives to assist long-term disability claimants in obtaining Social Security Benefits. (Supp. Wolfson Decl. ¶6).

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

Clearly Mr. Wolfson can be considered one of ordinary skill in the art. (Supp. Wolfson Decl. ¶7) Mr. Wolfson has reviewed the SSDC brochure cited by the Examiner and is familiar with SSDC and the services SSDC offered around 1993. (Supp. Wolfson Decl. ¶ 8). From the early 1990s until 2002, Aetna was the insurance carrier for the State of Michigan, providing long-term disability benefits and claims services. (Supp. Wolfson Decl. ¶ 9). At the same time, SSDC was retained by the State of Michigan to obtain benefits for its employees from the Social Security Administration. (Supp. Wolfson Decl. ¶ 10). Through his access to records and statistics, Mr. Wolfson was aware of the fact that the State of Michigan had a significant problem with recovering overpaid benefits from the insured after an award of SSDI. (Supp. Wolfson Decl. ¶ 11).

To the best of his knowledge, Mr. Wolfson does not think SSDC was engaged in any system for recovering overpaid benefits. (Supp. Wolfson Decl. ¶ 12). It is Mr. Wolfson's belief that if SSDC had or knew of any type of method to recover overpaid disability benefits in the early 1990s, it would have marketed that product to the State of Michigan in response to its significant problem in recovering overpaid benefits. (Supp. Wolfson Decl. ¶ 13). More important to the analysis of obviousness of the instant invention in view of the SSDC brochure, is Mr. Wolfson's opinion that if the SSDC brochure had indicated or suggested that such a service was available, one knowledgeable about LTD claim practices would have requested SSDC to develop such a program to respond to the needs of the State of Michigan . (Supp. Wolfson Decl. ¶13).

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

It also is Mr. Wolfson's opinion that the SSDC brochure does not indicate or suggest to one who is knowledgeable about LTD practices any method or system for recovering overpaid benefits and that it certainly does not indicate that there is an electronic overpayment recovery service or any program that includes all the complex steps that were developed in the inventor's system. (Supp. Wolfson Decl. ¶14). According to Mr. Wolfson, as one familiar with and knowledgeable about LTD claim practices, the quote "Coordination of overpayment recoveries resulting from SSDIB awards" contained in the SSDC brochure does not suggest any method of recovering overpayments and, in fact, he finds the statement to be vague and unclear as to what the statement was intended to mean or if SSDC was offering any service. (Supp. Wolfson Decl. ¶ 15).

To the best of Mr. Wolfson's knowledge, SSDC's only participation in the recovery of overpayments was to emphasize to the claimant his or her obligation to repay the overpaid benefit to the carrier, and SSDC took no active role in a recovery. Mr. Wolfson believes the statement "Coordination of overpayment recoveries resulting from SSDIB awards" refers to that limited activity. (Supp. Wolfson Decl. ¶ 16). Mr. Wolfson's statements confirm Mr. Allsup's understanding of SSDC's business, as set out in paragraph 9 of the First Allsup Aff'd.

It is important to the instant analysis to note that Mr. Wolfson's assumptions about the meaning of the statement "Coordination of overpayment recoveries resulting from SSDIB awards" come from his knowledge of SSDC business at the time because

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

an objective reading of the brochure, by itself, teaches or suggests nothing substantive.  
(Supp. Wolfson Decl. ¶ 16) (emphasis added).

The Examiner also cites the brochure produced by the inventor's company entitled *Allsup, Inc.'s Overpayment Recovery Service* to support the claim rejections. This brochure describes the inventor's old manual system whereunder the claimant is informed that he or she is obligated to repay any overpayments, provided the total overpaid amount, and then the claimant signs and sends a check to Allsup for that amount less a percentage savings for using the system. As pointed out in the Supp. Allsup Aff'd., although the manual process was an improvement over the "back-end" system, it still suffered from the major drawback of allowing the claimant to get possession of the overpayment and spend it or refuse to issue the check. (Supp. Allsup Aff'd. ¶12)

Because the Allsup brochure disclosed a system that the inventor was trying to replace, it certainly does not render obvious the claimed invention. (Supp. Allsup Aff'd. ¶13 ). That system did not, and could not, suggest the specific critical steps of obtaining preauthorization from the disabled individual for a direct recovery of the overpaid benefits from a deposit account, after a direct deposit of an SSDI award into the deposit account, establishing the direct deposit of an SSDI benefit into the deposit account by the SSA, or electronically recovering from the deposit account a preauthorized, predetermined amount of long-term disability benefits, immediately after the deposit of SSDI by SSA and the disabled individual's receipt of SSDI payments.

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

The inventor's company did not implement a commercial embodiment of his new invention until 1999. The processes of that invention were not obvious in view of the Allsup brochure, and it continued to take him nearly four years after the publication of that particular brochure to develop a commercially successful electronic system of recovery. (Supp. Allsup Aff'd. ¶14).

Allsup still employs a manual version of overpayment recovery as a back up to the electronic system or for use in some limited cases, where the client company or the SSDI recipient opts out of the automated recovery system. However, due to the overwhelming success of the claimed system, the old manual system has nearly been replaced, as set out in Paragraphs 15, 25 to 27, and 54 of the Supp. Allsup Aff'd, as discussed in detail below. (Supp. Allsup Aff'd. ¶¶ 15, 25 to 27, 54).

Applicant respectfully points out to the Examiner that Mr. Wolfson opined that if any Social Security vendor's brochure or marketing indicated that an automated recovery process or service existed, that system would have been developed before the claimed invention. (Supp. Wolfson Decl. ¶21). Applicant submits that Mr. Wolfson's statement would include the contents of *Allsup, Inc.'s Overpayment Recovery Service*.

Applicant respectfully points out that he would not have been motivated to combine the teachings of Pollin with either SSDC or Allsup or both. "Under section 103, teachings of references can be combined only if there is some suggestion or incentive to do so." *ACS Hospital Sys., Inc. v. Montefiore Hospital*, 732 F.2d 1572, 1577 (Fed. Cir. 1984). See also, *In re Oetiker*, 977 F.2s 1443, 1447 (Fed. Cir. 1992) ("[t]here must be

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

some reason, suggestion or motivation found in the prior art whereby a person of ordinary skill in the field of the invention would make the combination").

The Examiner has not articulated a rationale by which a person of ordinary skill in the relevant art would have been motivated to combine Pollin with SSDC and Allsup to arrive at the claimed invention. *MPEP* §2143.1. In relying on Pollin under §103, the Examiner is required to look at the teachings of the entire reference. *In re Wesslau*, 147 USPQ 391, 393 (CCPA 1965) ("it is impermissible within the framework of section 103 to pick and choose from any one reference only so much of it as will support a given position, to the exclusion of other parts necessary to the full appreciation of what such reference fairly suggests to one of ordinary skill in the art"). Pollin fairly suggests a system that requires a written draft on a funded account.

More specifically Pollin, as a whole, teaches a method for having a third party prepare and endorse a check payable to a creditor and suffers from the same disadvantages as the manual system or back-end system. It does not address the problem of recovering the overpaid benefit before the individual can spend the money or otherwise claim mental ownership of it. (First Allsup Aff'd, ¶¶15-17). "Known disadvantages in old devices which would naturally discourage the search for new inventions may be taken into account in determining obviousness". *United States v. Adams*, 383 U.S. 39, 52, 148 U.S.P.Q 479, 484 (1966).

Thus, because Pollin suffers from the same disadvantages as the earlier methods and does not solve the problems the inventor was seeking to solve, it actually

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

teaches away from solving those problems. Hence, there was no motivation for the inventor to look to Pollin at the time the instant invention was made. *Ted Air, Inc. v. Denso Manufacturing Michigan Inc.* 192 F.3d 1353 (Fed. Cir. 1999) ("There is no suggestion to combine...if a reference teaches away from its combination with another source . . .").

Section 103 specifies that the obviousness of an invention is determined as of "the time the invention was made". It is evident from the foregoing discussion of the teachings of the cited references that the Allsup and SSDC brochures along with the Pollin patent did not render the methods of the present invention obvious at the time the invention was made. Applicant respectfully suggests that the Examiner is engaging in an improper use of hindsight in determining obviousness of the instant invention.

*Crown Operations International Ltd. V. Solutia, Inc.* 289 F.3d 1367, 1376 (Fed. Cir. 2002) ("Determination of obviousness cannot be based on the hindsight combination of components selectively culled from the prior art to fit the parameters of the patented invention.").

This hindsight analysis may have occurred because the claims, as presented, appear to describe a simple method. However, as set out in both of Mr. Allsup's affidavits, the relative simplicity of the claim language belies the substantial inventive effort he expended in arriving at the claimed invention. Applicant submits that this appearance of simplicity derives only from hindsight analysis. *Eclipse Corp. v. Ford Motor Co.*, 452 F.2d 163, 170 (7<sup>th</sup> Cir. 1971), *cert. denied*, 406 U.S. 948 (1972) ("the

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

fact that the solution to a problem is simple or appears so when viewed in retrospect does not mean the solution was obvious when it was conceived").

A few of the inventive steps employed by Mr. Allsup follow: Mr. Allsup had to avoid the prohibition against assignment of SSDI benefits in order to effect direct deposit of SSDI benefits. (First Allsup. Aff'd. ¶18-20). Mr. Allsup had to determine a method for getting preauthorization for an automatic recovery of overpaid benefits while complying with applicable federal rules . (First Allsup. Aff'd. ¶20-23). He had to develop a method of determining the exact amount and timing of the future recovery in order to comply with the law . (First Allsup. Aff'd. ¶23). He had to develop a way to comply with Section 205.10(e)(2) of Regulation E. (First Allsup. Aff'd. ¶25).

Nothing in any of the cited references, either in combination or alone, taught or suggested these means for accomplishing the steps of the claimed invention at the time the invention was made. (Supp. Allsup Aff'd. ¶19) Only through hindsight analysis can the Examiner even begin to suggest these methods were obvious to one skilled in the art at the time the invention was made.

The Examiner has taken sparse references and combined them in an attempt to reconstruct Applicant's invention. However, it is an improper analysis to determine that one of ordinary skill in the art, having the invention before him, would find it obvious through hindsight to construct the invention from elements of the prior art. *Application of Warner*, 379 F.2d 1011, 1016 (CCPA 1967). Based upon the foregoing, independent claims 1, 8, 12 and 17 are allowable. Claim 5 depends from independent claim 1.

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

Claim 13 depends from independent claim 12 and claims 18 and 19 depend from independent claim 17. Applicant again respectfully points out that *The Manual of Patent Examining Procedure* at § 2143.03 states, "If an independent claim is nonobvious under 35 U.S.C. 103, then any claim depending therefrom is nonobvious. *In re Fine*, 837 F.2d 1071, 5 U.S.P.Q.2d 1596 (Fed. Cir. 1988)." Because independent claims 1, 8, 12 and 17 are allowable over the art of record, Applicant submits that under the relevant law, claims 5, 13, 18 and 19 also are allowable.

Claim 13 was rejected as being unpatentable over SSCD (sic), Allsup and Pollin as applied to claim 12 and further in view of the Examiner's use of Official Notice. Claims 5 and 15 were rejected under 35 U.S.C. §103(a) as being unpatentable over SSCD (sic), Allsup, Pollin as applied to claims 1 and 12 and further in view of the Examiner's use of Official Notice. Applicant traverses the rejections.

The Examiner cannot sustain *prima facia* obviousness. By admitting that SSDC, Allsup and Pollin do not explicitly disclose deducting applicable fees or providing ancillary services, it appears to be the Examiner's position that those references disclose all the steps of the method sans the step of deducting applicable fees (claim 13) or providing ancillary services (claims 5 and 15). However, as set out above, SSDC, Allsup and Pollin do not teach or suggest all of the other steps. Adding Official Notice to the mix does not make up for the deficiencies of the other references. Consequently, the Examiner has not sustained *prima facia* obviousness.

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

Furthermore, Applicant does not agree with the Examiner's use of Official Notice of the known use of other fee deduction methods or short term loans in the income tax return business in this context. Deficiencies of the cited references cannot be remedied by generalizations as to what is basic knowledge. See, *In re Zurko*, 258 F.3d 1379, 1386 (Fed. Cir. 2001).

As with any combination of references, in this case Official Notice being substituted for a documented reference, there must be some motivation to combine the references. *In re Sang Su Lee*, 277 F.3d 1338 (Fed. Cir. 2002). As set out above, there clearly was no motivation to combine SSDC, Allsup and Pollin. Clearly there is no motivation to add any teaching from the coin counting machines, credit card services, or the income tax art. Applicant respectfully points out that by resorting to Official Notice, the rejection again appears to be based upon an impermissible hindsight analysis. *In re Dembiczak*, 175 F.3d 994, 999 (Fed. Cir. 1999) ("Our case law makes clear that the best defense against the subtle but powerful attraction of a hindsight-based obviousness analysis is rigorous application of the requirement for a showing of the teaching or motivation to combine prior art references."). Hence claims 5, 13 and 15 are allowable.

The Examiner rejected claims 10 and 20 under 35 U.S.C. §103(a) as being unpatentable over SSDC and further in view of Pritchard. Claim 10 is canceled by this amendment. Applicant traverses the rejection of claim 20. The cited references do not teach or suggest each and every element of the claims.

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

With regard to claim 20, particularly as amended, as set out above in detail, SSDC does not suggest anything about a preapproved recovery of a predetermined amount of overpaid disability insurance benefits from an approved deposit account after direct deposit of an SSDI benefit into the deposit account by the SSA. Pritchard does not remedy the deficiencies in the references. Pritchard is not relevant to the invention of claim 20, particularly as amended. Overall, Pritchard discloses a system for coordinating medical benefits and is not related in any way to, and consequently cannot suggest, a system for recovering overpaid disability insurance benefits.

It appears that the Examiner is improperly picking and choosing disclosure from Pritchard to support the rejection and not looking at the entire disclosure for what it suggests to one skilled in the art. *In re Wesslau*, 147 USPQ 391, 393 (CCPA 1965). For example, the Examiner picked lines from Pritchard that are not on point and do not fairly represent the overall teachings of the reference. For example, col. 1, lines 59-66 refer to fee tables, which have nothing to do with the instant invention. Likewise, col. 7, lines 40-46 mentions filling out a standardized claim form, e.g. HCFA 1500. These isolated references to a governmental form and to fee tables, even when combined with the limited teachings of the two brochures, clearly do not suggest each and every element of the method of claim 20. Hence, the claim, particularly as amended, is allowable over the combination of references.

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

### **Objective Evidence Of Non-Obviousness**

Applicant respectfully points out that, regarding all of the foregoing claim rejections under 35 U.S.C. §103, the Examiner is required to consider objective evidence of non-obviousness. *W.L. Gore & Assoc., Inc. v. Garlock, Inc.* . 721 F.2d 1540, 1555 (Fed.Cir.1983). Such objective considerations include commercial success, long-felt but unsolved need, and copying. *Ruiz v. A.B. Chance Co.*, 234 F.3d 654, 663 (Fed.Cir. 2000). Additional objective considerations include evidence of market share, growth in market share, and replacement of earlier products. *Ex Parte Anderson*, App. No. 90-2106, 1991 WL 330661 at\*23 (Bd.Pat.App. & Int. 1991).

Applicant presents such objective evidence through attached Exhibit 1, the original Affidavit Of James F. Allsup Under 37 C.F.R. §1.132 ("First Allsup. Aff'd.") and attached Exhibit 2, the Supplemental Affidavit Of James F. Allsup Under 37 C.F.R. §1.132 ("Supp. Allsup Aff'd"), as well as the supporting declarations. Remarks regarding the contents of the Affidavit Of James F. Allsup Under 37 C.F.R. §1.132 are included in the first Amendment and are incorporated herein by reference. However, Applicant will summarize the previously submitted evidence and add remarks concerning the supplemented information.

In general, there always was a need for ways to recover disability insurance overpayments. (First Allsup Aff'd. ¶6). There was the recognized problem that overpayment recovery rates were low. (First Allsup Aff'd. ¶10). There also was the problem of the recipient taking "mental ownership" of the retroactive SSDI payment and

spending the money rather than returning the overpayment to his or her private insurer. (First Allsup Aff'd. ¶11).

The inventor's method met a long felt need in the industry to increase the percentage of dollars recovered and decrease the time required to recover. The claimed process practiced by the inventor's company increased the percentage of dollars recovered. (First Allsup Aff'd. ¶33, ¶38; Supp. Allsup Aff'd. ¶ 24, ¶27). The inventor's overpayment recovery service decreased the average number of days to recovery. (First Allsup Aff'd. ¶ 36,37; Supp. Allsup Aff'd. ¶ 25).

Also, the inventor's method has shown continued commercial success, particularly when compared to prior art methods of recovering overpayments. For example, the total dollar amount of recoveries has grown from over \$3 million in 1999 to over \$40 million in 2003 (Supp. Allsup Aff'd. ¶27). Significantly, over 98% of the recoveries made in 2003 are through the claimed electronic system. (Supp. Allsup Aff'd. ¶27). This data substantiates the fact that the claimed method is far superior to that known before. (First Allsup Aff'd. ¶38; Supp. Allsup Aff'd. ¶24).

In 1999, when the majority of the dollars recovered were recovered through a direct pay component, the total recovery was approximately \$3 million. However, when the invention was employed to recover the majority of overpayments, beginning in 2000, there was an increase in dollars recovered of over \$10 million. (First Allsup Aff'd. ¶38; Supp. Allsup Aff'd. ¶27) It is believed, therefore that the instant invention was responsible for this sizable increase in business. Although direct pay clients remain a

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

segment of the client's business, it is significant that the novel electronic system has replaced the manual system for the vast majority of clients.

Attached to the First Allsup Aff'd. is the original Declaration of Mr. Barry Wolfson (referred to hereinafter as "First Wolfson Decl."). (See, First Allsup Aff'd. ¶42). Mr. Wolfson confirmed that there was a long-felt need in the industry for a process of recovering the overpaid amounts after the insured received the SSDI benefit but before the insured disposed of the money. (First Wolfson Decl. ¶ 8). Aetna retained Allsup, Inc. in late 1999 or early 2000 to provide overpayment recovery services. (First Wolfson Decl. ¶ 9). With the claimed system, Aetna realized an increase in dollar amounts collected and a decrease in the time from the award of the SSDI benefit to the recovery of the overpaid amount. (First Wolfson Decl. ¶ 10). In his opinion, the claimed automated overpayment recovery system dramatically improves the ability of private insurance carriers to collect overpaid monies owed to them. (First Wolfson Decl. ¶ 11). Mr. Wolfson believes that the claimed automated overpayment recovery system met a long felt need in the industry for increasing the amount of money recovered and decreasing the time of recovery. (First Wolfson Decl. ¶ 12).

In his supplemental declaration, Mr. Wolfson affirms his opinions that there was a long felt need in the industry for a viable method of recovering overpayments. Mr. Wolfson again confirms the problems associated with recovering overpaid benefits. While some overpaid benefits were entirely repaid, a significant number were only

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

partially repaid or never repaid. (Supp. Wolfson Decl. ¶ 17). He emphasizes the need in the industry for a method of recovering overpaid amounts. (Supp. Wolfson Decl. ¶ 18).

Mr. Wolfson confirmed that this need is still felt in the industry by those insurance carriers who have not subscribed to the claimed method. For example, in 2002, Mr. Wolfson attended a meeting with the SSA, along with nine or ten of the largest LTD carriers to address the industry-wide problem of non-recovered overpaid benefits. Most of the participants at the meeting were not participating in the Allsup overpayment recovery program at the time. (Supp. Wolfson Decl. ¶ 19). It is important for the Examiner to note that since the meeting with the SSA, several of the participants have subscribed to, or are seriously considering, the inventor's program. (Supp. Wolfson Decl. ¶ 20).

Mr. Wolfson points out that the fact that the largest LTD carriers in the industry could not develop a satisfactory method of overpayment recovery on their own, points out the novelty and non-obviousness of the invention. (Supp. Wolfson Decl. ¶ 20). See, e.g. *Minnesota Mining & Mfg. Co. v. Johnson & Johnson Orthopaedics, Inc.*, 976 F.3d 1559, 1574-75 (Fed. Cir. 1992) (crediting evidence of "attempts and failures of the major players in the . . . field").

Also attached as Exhibit A to the Supp. Allsup Aff'd is the Declaration of Mr. Jay Barriss, discussed in detail in Supp. Allsup Aff'd., ¶¶32-34. The declaration further supports the statements included in Mr. Allsup's affidavits and Mr. Wolfson's declarations regarding long felt need in the industry.

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

Mr. Barriss is familiar with the long-term disability insurance industry and has worked in the industry for over 11 years. (Barriss Decl. ¶ 3). He was employed by Aetna Life Insurance Company from December, 1998 to June, 2003. (Barriss Decl. ¶ 4). At Aetna, Mr. Barriss was involved in the preparation of financial statements, product pricing and reserve valuation. (Barriss Decl. ¶ 5). Mr. Barriss was aware of the necessity of recovering overpaid disability benefits from their insured. (Barriss Decl. ¶ 6). Mr. Barriss confirmed the problems associated with recovery of overpayments that existed in the industry prior to the instant invention (Barriss Decl. ¶ 7), and confirmed that there was a long-felt need in the industry for a process of recovering the overpaid amounts after the insured received the SSDI benefit but before the insured disposed of the money. (Barriss Decl. ¶¶ 8, 12).

Mr. Barriss became familiar with the claimed invention in December, 1999 when Aetna retained Allsup to provide overpayment recovery services. (Barriss Decl. ¶ 9). Prior to that time, Mr. Barriss knew of no other such service available to the long-term disability insurance industry. (Barriss Decl. ¶ 9) Mr. Barriss corroborates Mr. Wolfson's statement that with the claimed system, Aetna realized an increase in dollar amounts collected and a decrease in the time from the award of the SSDI benefit to the recovery of the overpaid amount. (Barriss Decl. ¶ 10). It is Mr. Barriss's opinion, similar to that of Mr. Wolfson, that the claimed automated overpayment recovery system helped improve Aetna's ability to collect overpaid monies owed to them because it provides for pre-

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

approved electronic recovery of the overpaid amount from a deposit account after the SSA deposits the benefit. (Barriss Decl. ¶ 11).

Also attached as Exhibit C to the Supp. Allsup Aff'd. is the Declaration of Mr. Scott Ritchie (referred to hereinafter as "Ritchie Decl.") This declaration also supports the statements in Mr. Allsup's two affidavits, Mr. Barriss's declaration and Mr. Wolfson's two declarations.

Mr. Ritchie is familiar with the long-term disability insurance industry and has worked in the industry for over 11 years. (Ritchie Decl. ¶ 3). Mr. Ritchie has been employed by Standard Insurance Company from approximately July 1992 to the present. (Ritchie Decl. ¶ 4). His duties at Standard Insurance Company have included quality assurance, claim auditing, oversight of Social Security policy and procedure programs and benefit/resource team supervision (Ritchie Decl. ¶ 5). During his career at Standard Insurance Company Mr. Ritchie became aware of the necessity of recovering overpaid disability benefits from their insured. (Ritchie Decl. ¶ 6).

Mr. Ritchie has experienced the same problems in the industry that the inventor recognized and solved. It has been Mr. Ritchie's experience that once his company's insured received the SSDI payment, it is challenging for the company to recover the overpaid amount. The insured may be reluctant to repay the money to an insurance company. It has been his experience that the process of pursuing recovery of LTD overpayments required a great deal of communication and follow up on the part of

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

claims handling staff. It is a labor intensive and time consuming process. (Ritchie Decl. ¶7).

Mr. Ritchie believes there is room for improvement of overpayment collection processes within the long-term disability insurance industry. He points out as an example, that a process such as the claimed invention that comprises recovering the overpaid amounts after the insured receives the retroactive SSDI benefit but before the insured spends the money or simply refuses to repay the overpaid benefits to his or her private insurance carrier is of much value to the insurance industry. (Ritchie Decl. ¶8).

Mr. Ritchie has been familiar with the inventor's claimed electronic overpayment recovery process since July 2001, when Standard Insurance Company retained Allsup, Inc. to recover overpaid benefits. Prior to that time, he knew of no other such service available to the long-term disability insurance industry. (Ritchie Decl. ¶9). Once Standard Insurance Company retained Allsup, Inc. to employ its automated overpayment recovery service, Standard Insurance Company soon realized an increase in dollar amounts recovered and a decrease in time from the award of the SSDI benefit to the recovery of the overpaid amount. (Ritchie Decl. ¶10).

It is Mr. Ritchie's opinion that the claimed automated overpayment recovery system helped improve his company's ability to recover overpaid monies owed to the company because it provides for pre-approved electronic recovery of the overpaid amount from a deposit account after the SSA deposits a benefit but before the insured can spend the money or decide not to refund the overpaid amount to the insurance

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

carrier. (Ritchie Decl. ¶11). It also is Mr. Ritchie's opinion that the automated overpayment recovery system of the present invention met a need in the industry for increasing the amount of money recovered and decreasing the time of recovery. (Ritchie Decl. ¶12).

Because the claimed method satisfied the long felt need in the industry for an improved method of recovering LTD overpayments, it has been met with tremendous commercial success. The claimed method has, for the most part, replaced any manual systems. To date, the inventors company has been engaged by sixty-six (66) companies to perform overpayment recovery services. (Supp. Allsup Aff'd. ¶54). It is quite significant that of the sixty-six (66) companies, sixty-three (63) have opted for the electronic recovery method and only three (3) subscribe to the manual method. (Supp. Allsup Aff'd. ¶54). The total dollar amount of overpayments recovered by Allsup since 1999 is more than \$106 million, with the electronic method clients accounting for amounts exceeding \$97 million (Supp. Allsup Aff'd. ¶27).

Furthermore, the recovery service of the present invention has been so successful that since Mr. Allsup's first Affidavit he has determined that at least three competitors in the field are believed to have copied the service. (Supp. Allsup Aff'd. ¶30). Copying of the inventor's method by others is objective evidence that the invention is not obvious to one skilled in the art in view of the cited references or any other recovery systems known to the art, such as manual or "back end" systems.

Appl. No. 09/629,323  
Amdt. dated February 27, 2004  
Reply to Office action of December 5, 2003

Because the Applicant has produced significant evidence of non-obviousness, Applicant respectfully submits that any inference of obviousness drawn from the cited references is dissipated, and the claims are allowable. *In re Piasecki*, 745 F.2d 1468, 1472 (Fed. Cir. 1984).

If for any reason the Examiner feels that an interview would be helpful to resolve any issues, the Examiner is respectfully requested to contact the undersigned attorney for the purpose of arranging such an interview.

Respectfully submitted,

POLSTER, LIEDER, WOODRUFF, & LUCCHESI, L.C.

By

  
Ned W. Randle, Reg. No. 35,989  
12412 Powerscourt Drive, Suite 200  
St. Louis, MO 63131-3615  
Tel.: (314) 238-2400  
Fax: (314) 238-2401